



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 2/9/2000

GAIN Report #JA0014

## **Japan**

## **Poultry and Products**

## **Semi-Annual**

## **2000**

Prepared by:

**Casey E. Bean**

**U.S. Embassy**

Drafted by:

Kakuyu Obara

---

### **Report Highlights:**

**Japan's imports of broiler meat are forecast to increase 11 percent in 1999 due to higher wholesale domestic prices coupled with reduced domestic supplies. China, Taiwan, and the United States all increased broiler meat sales. Tighter egg supplies, a market price recovery, and the strength of the yen all pushed upward Japan's imports of processed egg products in 1999. During 2000 Japan's broiler meat consumption is forecast marginally below 1999, and trade may also drop due to higher frozen inventories. Japan's consumers have become more value-conscious due to the country's economic uncertainty.**

---

Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Unscheduled Report  
Tokyo[JA1], JA

## TABLE OF CONTENTS

Japan's Poultry Meat Market Situation and Outlook .....	<a href="#">1</a>
Japan's Imports of Broiler Meat Forecast to Increase 11 Percent in 1999 Due to Higher Wholesale Domestic Prices Coupled with Reduced Domestic Supplies; During 2000 HMR Sector Demand Will Remain Strong .....	<a href="#">1</a>
Solid Demand for Broiler Bone-in Leg for Deboning, Particularly by the HMR Sector, Results in U.S. Sales Increasing 5 Percent in 1999 .....	<a href="#">1</a>
Japan's Imports of Prepared Poultry Products Continues Growth in 1999 Due to Solid HRI/HMR Demand; China's competitiveness Strengthens .....	<a href="#">2</a>
Japan's Egg Market Situation and Outlook .....	<a href="#">2</a>
Slightly Tightened Egg Supplies, Market Price Recovery, and Relative Strength of Yen Raise Japan's Imports of Selected Processed Egg Products in 1999 .....	<a href="#">2</a>
Japanese Broiler Meat PS&D Table .....	<a href="#">4</a>
Japanese Broiler Meat Trade Matrix .....	<a href="#">5</a>
Japanese Poultry Meat PS&D Table .....	<a href="#">6</a>
Japanese Poultry Meat Trade Matrix .....	<a href="#">7</a>
Japanese Egg PS&D Table .....	<a href="#">8</a>
Japanese Egg Trade Matrix .....	<a href="#">9</a>

## Japan's Poultry Meat Market Situation and Outlook

### **Japan's Imports of Broiler Meat Forecast to Increase 11 Percent in 1999 Due to Higher Wholesale Domestic Prices Coupled with Reduced Domestic Supplies; During 2000 HMR Sector Demand Will Remain Strong**

The wholesale price for domestic leg meat in 1999 increased an average 6 percent (or 618 yen/kilo) from the previous year, and Japan's overall consumption for broiler meat increased. As described in post's previous annual report, Japan's domestic broiler meat production in 1999 is forecast decline 2 percent from 1998. These factors prompted the HRI/HMR sector to increase utilization of imported bone-in legs during 1999.

Accordingly, broiler meat imports are forecast to rise 11 percent in 1999 (based on Jan. - Nov. trade data) to about 553,000 MT [Product Weight Basis (PW) - Customs Clearance Basis]. Imported broiler meat's estimated share of Japan's total broiler distribution is 32 percent.

Domestic broiler production in 2000 is projected to be slightly down from 1999 level. According to industry sources, the price spread between leg meat and breast had widened in 1999 negatively affecting profitability of domestic broiler producers in 1999. Average wholesale price of domestic broiler breast meat fell 9 percent (or 246 yen per kilo) over the previous year in 1999.

On the consumption side, Japan's broiler meat consumption in 2000 is forecast marginally below 1999. Though signs of an economic recovery are evident, consumer spending on food at home and outside will likely remain thrifty. Consumers continue to seek better value and quality. Despite the sluggish consumer spending, HMR will remain one of the few growing sector in Japan's food business in 2000. Likewise, HMR demand for prepared poultry meat will continue to stay solid in 2000. This situation will favor Japan's overall consumption of broiler and poultry meat as inexpensive alternatives to red meat and fish.

Trade-wise, despite increased imports in 1999, the higher inventory at year-beginning may put downward pressure on imports in 2000 from major broiler meat suppliers whose frozen shipments are channeled to the HRI sector.

### **Devaluation of Brazilian Currency Boosts Competitiveness and Broiler Imports From Brazil in 1999, But Imports From Market Leaders China and Thailand Also Increased**

Due to improved foreign exchange terms, Brazil's broiler meat sales rebounded. The entry volume of Brazilian broiler meat in 1999 is forecast to reach the 1997 level at 97,000 MT. Nonetheless, China and Thailand sales commanded first and second place in Japan's total broiler import market in 1999. Breakdowns by suppliers for the broiler meat for Jan. - Nov. 1999 were; U.S. 97,882 MT (up 6%), China 193,160 MT (up 5 %), Thailand 119,667 MT (up 10%), and Brazil 87,810 MT (up 34%).

### **Solid Demand for Broiler Bone-in Leg for Deboning, Particularly by the HMR Sector, Results in U.S. Sales Increasing 5 Percent in 1999**

Broiler meat imports from the United States in 1999 is forecast to reach around 106,000 MT, up 5 percent from the previous year, largely attributed to the strengthened Japanese yen and strong demand from the HMR sector for U.S. bone-in leg meat. The US share in Japan's total broiler meat import in 1999 is expected to be around 19 percent, while U.S. broiler's share in 2000 be roughly the same as the 1999 level at 20 percent, assuming

Japan's HMR demand for U.S. bone-in legs continue to remain firm in 2000 for portioned and deboned imported bone-in legs. Convenience seeking and thrifty consumer trend will likely support the above.

Frozen broiler bone-in-leg meat constitutes a major portion of Japan's broiler meat imports from U.S. During January - November 1999, Japan's imports of total broiler bone-in leg (frozen) rose 17 percent from 1998 to 76,671 MT. U.S. product accounted for 87 percent of the above total.

The booming HMR sector is one of the most important factors leading to strong demand for U.S. frozen bone-in legs in 1999. Major end users are HMR sector users such as fast foods, take-out, lunch box, and convenience stores. Chicken nuggets, Japanese style fried chicken (Karaage), and American style fried chicken are popular HMR sector products sold in Japan. As mentioned earlier, the growth of U.S. bone-in leg sales in 1999 is also attributed to the strengthened yen and reduced domestic broiler leg supply. Breakdowns by suppliers for bone-in legs for Jan. - Nov. 1999 were: U.S. 66,394 MT (up 15%), Thailand 5,889 MT (up 16%), and China 2,071 MT (up 96%).

### **Japan's Imports of Prepared Poultry Products Continues Growth in 1999 Due to Solid HRI/HMR Demand; China's Competitiveness Strengthens**

Japan's HRI/HMR demand for imported prepared poultry meat resulted in Jan. - Nov. 1999 imports of prepared poultry meat at 103,182 MT, an increase of 24 percent compared to the same period of the previous year. Relative strength of the yen against other currencies is an additional factor contributed to the above growth. China, particularly with its labor cost advantage and abundance of skilled labors at broiler processing plants, continues to increase its competitiveness over others in Japan's prepared poultry meat market, while other suppliers also enjoying excellent results for Jan. - Nov., 1999 as follows; U.S. 13,549 MT (up 18%), China 52,372 MT (up 43%), Thailand 36,874 MT (up 6%).

Note: In this report, discussions and highlights are focused on broiler meat because it comprises more than 90 percent of Japan's total poultry distribution.

## **Japan's Egg Market Situation and Outlook**

### **Slightly Tightened Egg Supplies, Market Price Recovery, and Relative Strength of Yen Raise Japan's Imports of Selected Processed Egg Products in 1999**

The market outlook for Japan's egg market remains unchanged since post' last annual report. Similar to poultry, tight individual and household spending in 1999 has impacted on Japan's table egg consumption. The previous forecast was revised downward to slightly above the previous year's total of 345,000 million pieces. Wholesale market prices for fresh table eggs in 1999 averaged 195 yen per kilo, up 15 percent over the previous year, recovering to the 1997 price level of 200 yen per kilo.

During 2000 a slight increase in imports will be offset by a slight decrease in domestic egg output. Based on Jan. - Nov. 1999, Japan's annual imports of processed egg products is forecast to be moderately above the previous year. By product, during the first 11 months of 1999 imports of both dry and frozen albumen products increased substantially due to stock replenishment and better than anticipated sales of final products. For instance, albumen is said to be used as a binding agent to make ham and sausage products. In 1999, sales of processed meat products for summer gift etc. reportedly increased. Also, in an anticipation of better sales in the

winter gift season, ham and sausage manufacturers have reportedly raised outputs of such products in the latter half of 1999.

The EU, with weak Euro, and Brazil, with its devalued currency, succeeded in boosting their albumen product exports to Japan in 1999. During Jan. - Nov. 1999, exports of U.S. dry albumen was up 9 percent from the previous year at 767 MT. The reported stagnant sales of confection, bakery and ice cream products in 1999 hurt sales of for U.S. dry York products which dropped 34 percent during Jan. - Nov. compared to the same period of the previous year.

Japan's imports of processed egg products for Jan. - Nov. on customs clearance basis [PWE: not shell egg converted.] were as follows; [Dry Egg Yoke 1,817 MT (down 22%), Frozen Egg Yoke 8,783 MT (up16%), Dry Whole Egg 2,094 MT (up 1%), Frozen Whole Egg 1,913 MT (up 35%), Dry Albumen 8,959 MT, (up 17%), and Frozen Albumen 3,557 MT (up16%)]

Note: Shell egg converted actual trade data will appear in the next report. Yearly projections for 1999 by country in Trade Matrix of this report, should be used only showing the trend based on Jan. - Nov. results reported in the press.

**Japanese Broiler Meat PS&D Table**

PSD Table						
Country	Japan					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Inventory (Reference)	112	112	104	104	0	0
Slaughter (Reference)	572	572	0	0	0	0
Beginning Stocks	93	93	80	80	82	100
Production	1090	1097	1070	1080	1055	1070
Whole, Imports	5	5	5	5	5	5
Parts, Imports	492	492	525	548	525	515
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	497	497	530	553	530	520
TOTAL SUPPLY	1680	1687	1680	1713	1667	1690
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	3	3	3	3	3
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	3	3	3	3	3
Human Consumption	1547	1554	1545	1560	1545	1555
Other Use, Losses	50	50	50	50	50	50
Total Dom. Consumption	1597	1604	1595	1610	1595	1605
TOTAL Use	1600	1607	1598	1613	1598	1608
Ending Stocks	80	80	82	100	69	82
TOTAL DISTRIBUTION	1680	1687	1680	1713	1667	1690
Calendar Yr. Imp. from U.S.	102	102	106	106	0	0

## Japanese Broiler Meat Trade Matrix

Import Trade Matrix			
Country	Japan		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan. - Dec.	Units:	1,000 MT
Imports for:	1998		1999
U.S.	102	U.S.	106
Others		Others	
China	201	China	213
Thailand	120	Thailand	132
Brazil	70	Brazil	97
<b>Total for Others</b>	<b>391</b>		<b>442</b>
<b>Others not Listed</b>	<b>4</b>		<b>5</b>
<b>Grand Total</b>	<b>497</b>		<b>553</b>

## Japanese Poultry Meat PS&amp;D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Meat, Total				(1000 MT)(MIL HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Inventory (Reference)	112	112	104	104	0	0
Slaughter (Reference)	699	699	0	0	0	0
Beginning Stocks	93	93	80	80	80	100
Production	1218	1221	1195	1190	1190	1185
Whole, Imports	5	5	5	5	5	5
Parts, Imports	504	504	538	563	540	530
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	509	509	543	568	545	535
TOTAL SUPPLY	1820	1823	1818	1838	1815	1820
Whole, Exports	0	0	0	0	0	0
Parts, Exports	3	3	3	3	3	3
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	3	3	3	3	3	3
Human Consumption	1683	1686	1681	1680	1689	1680
Other Use, Losses	54	54	54	55	54	55
Total Dom. Consumption	1737	1740	1735	1735	1743	1735
TOTAL Use	1740	1743	1738	1738	1746	1738
Ending Stocks	80	80	80	100	69	82
TOTAL DISTRIBUTION	1820	1823	1818	1838	1815	1820
Calendar Yr. Imp. from U.S.	103	103	107	107	106	107



**Japanese Poultry Meat Trade Matrix**

<b>Import Trade Matrix</b>			
<b>Country</b>	<b>Japan</b>		
<b>Commodity</b>	<b>Poultry, Meat, Total</b>		
<b>Time period</b>	<b>Jan. - Dec.</b>	<b>Units:</b>	<b>1,000 MT</b>
<b>Imports for:</b>	<b>1998</b>		<b>1999</b>
<b>U.S.</b>	<b>103</b>	<b>U.S.</b>	<b>107</b>
<b>Others</b>		<b>Others</b>	
<b>China</b>	<b>208</b>	<b>China</b>	<b>223</b>
<b>Thailand</b>	<b>121</b>	<b>Thailand</b>	<b>133</b>
<b>Brazil</b>	<b>70</b>	<b>Brazil</b>	<b>97</b>
<b>Total for Others</b>	<b>399</b>		<b>453</b>
<b>Others not Listed</b>	<b>7</b>		<b>8</b>
<b>Grand Total</b>	<b>509</b>		<b>568</b>

## Japanese Egg PS&amp;D Table

PSD Table						
Country	Japan					
Commodity	Poultry, Eggs				(MIL HEAD)	(MIL PCS)
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Layers	145	145	143	143	142	142
Beginning Stocks	0	0	0	0	0	0
Production	42117	42117	42000	42100	41800	42050
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	17	17	20	20	20	20
Other Imports	1683	1683	1750	1700	1780	1720
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	1700	1700	1770	1720	1800	1740
TOTAL SUPPLY	43817	43817	43770	43820	43600	43790
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Hatch Eggs, Consumption	0	0	0	0	0	0
Shell Eggs, Human	34457	34457	34400	34500	34250	34450
Shell Eggs, OT Use/Loss	660	660	655	655	650	655
Other Dom. Consumption	8700	8700	8715	8665	8700	8685
Total Dom. Consumption	43817	43817	43770	43820	43600	43790
TOTAL Use	43817	43817	43770	43820	43600	43790
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	43817	43817	43770	43820	43600	43790
Calendar Yr. Imp. from U.S.	0	410	0	420	0	430

**Japanese Egg Trade Matrix**

Import Trade Matrix			
Country	Japan		
Commodity	Poultry, Eggs		
Time period	Jan. - Dec.	Units:	MIL PCS
Imports for:	1998		1999
U.S.	410	U.S.	420
Others		Others	
Brazil	62	Brazil	95
Canada	186	Canada	225
EU	834	EU	770
Total for Others	1082		1090
Others not Listed	208		220
Grand Total	1700		1730